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Donald Trump, US Foreign Policy and Potential Impacts on Iran's Tourism Industry: Post-Nuclear Deal

Abstract

Since the implementation day of the Iran nuclear agreement, on 14 July 2015, and the subsequent softening of international sanctions against the country, Iran's tourism industry has experienced considerable advancements. This is evident through the notable increase in inbound arrivals to the country, particularly from the Western markets, and foreign investment in tourism-related infrastructure. The election of Donald Trump as the 45th United States president and his chaotic and controversial (or indeed lack of clear) foreign policy, however, has cast serious doubt on the future of the nuclear agreement. This paper aims to: (1) explore some of the positive impacts that the Iran nuclear deal has had on tourism development in Iran, over the past two years; and (2) provide an overview of possible future challenges, particularly in relation to Donald Trump's new aggressive foreign policy towards Iran.

Keywords: Donald Trump; foreign policy; Iran tourism; Iran nuclear; tourism development

1. Introduction

On 14 July 2015, the E3/EU+3 (i.e. China, France, Germany, the Russian Federation, the United Kingdom (UK) and the United States (US), with the High Representative of the European Union (EU) for Foreign Affairs and Security Policy) and the Islamic Republic of Iran reached an agreement on a Joint Comprehensive Plan of Action (JCPOA). The full implementation of this JCPOA will ensure the exclusively peaceful nature of Iran's nuclear programme. The implementation day occurred on 16 January 2016, the day on which the International Atomic Energy Agency verified the implementation by Iran of the nuclear-related measures (it has verified Iran's commitment eight times since), and, simultaneously, the E3/EU+3 took the actions to which they committed under the JCPOA (EEAS, 2016). On the implementation day, the limited sanctions relief, provided to Iran under the 2013 interim agreement (i.e. JCPOA), was superseded by the lifting of all economic and financial sanctions imposed in connection with the Iranian nuclear programme in accordance with the JCPOA (EEAS, 2016).

Since the implementation day and the subsequent softening of international sanctions against the country, Iran's tourism industry has experienced significant advancements. For example, one of the world's most-renowned travel companies, Cox & Kings – which is also the world's longest-established travel company (established in 1758) – predicted that Iran would be amongst the 'hottest' destinations in 2017. *Forbes Magazine* also introduced Iran as one of the 'top 10 coolest places' to visit in 2017. The election of Donald Trump as the 45th US president and his objection to the nuclear deal, however, have cast serious doubt on the future of the nuclear agreement. Thus, the aims of this paper are to: (1) explore some of the positive impacts that the Iran nuclear deal has had on tourism development in Iran, since the implementation day; and (2) provide an overview of possible future challenges, particularly in relation to Donald Trump's new aggressive foreign policy towards Iran.

2. The Iran Nuclear Deal and Advances in Tourism Development

As a result of the historic nuclear agreement and the lifting of international sanctions, Iran has managed to attract considerable investments in tourism-related infrastructure. For instance, so far, a number of international hotel chains – including Accor Hotels, Rotana and Spain's Melia – have already invested in the country's hospitality industry (Euromonitor International, 2017; Khodadadi, 2016b). By 2018, Iran should have 'at least six different

international outlets’ (Euromonitor International, 2016, p. 1). Iran has also made significant investment in air transportation infrastructure, with nearly 200 planes on order from Airbus, Boeing and ATR, which is worth \$36 billion. A new terminal with a capacity of ‘45 million passengers per year is planned to be built by a French joint venture company for a staggering \$2.8 billion [US dollars]’ at the Imam Khomeini International Airport (Popova, 2016), and there is planned development of the airports in Isfahan, Tabriz, Mashhad and Shiraz. Iran has also invested heavily in rail transport. For instance, the country’s state rail and its Italian counterpart, Ferrovie dello Stato, signed a final agreement in July 2017 to build a high-speed railway between the cities of Qom and Aran, worth 1.2 billion euros (Reuters, 2017).

Tourist numbers to Iran have increased substantially over recent years, from 2 million in 2009 to over 6 million in 2017 (see Table 1). According to Euromonitor International (2016, p. 8) the fastest growth has come from ‘countries in Europe, some of which have seen double-digit growth’ (see Table 2). Growth in the number of arrivals also looks promising with around 8.3 million visitors expected in the year 2022 (see Table 3).

Table 1

Inbound arrivals: Number of trips 2012–2017 (Euromonitor International, 2017, p. 9)

	2012	2013	2014	2015	2016	2017
Inbound Arrivals (000s)	3,686.7	4,602.4	4,784.1	5,100.9	6,034.8	6,257.0
Increase from Previous Year (%)	—	24.8	3.95	6.62	18.31	3.68

Table 2

Inbound arrivals from the EU: Number of trips 2012–2017 (Euromonitor International, 2017, p. 9).

Inbound Arrivals (000s) and Increase from Previous Year (%)	2012	2013	2014	2015	2016	2017
France	5.9	7.3	13.1	17.9	20.3	21.8
	–	23.73	79.45	36.64	13.41	7.39
Germany	18.0	21.2	32.1	47.1	53.5	55.6
	–	17.78	51.42	46.73	13.59	3.93
Netherlands	1.3	7.0	8.4	10.7	12.3	13.4
	–	438.46	20	27.38	14.95	8.94
UK	3.8	5.4	7.3	9.4	10.8	11.1
	–	42.11	35.19	28.77	14.89	2.78

Table 3

Forecast inbound arrivals: Number of trips 2017–2022 (Euromonitor International, 2017, p. 11)

	2017	2018	2019	2020	2021	2022
Forecast Inbound Arrivals (000s)	6,257.0	6,579.5	6,978.1	7,398.5	7,860.8	8,348.7
Increase from Previous Year (%)	–	5.15	6.06	6.02	6.25	6.21

What the above forecasts do not consider, however, is the new aggressive change in US foreign policy towards Iran that has occurred during Trump’s presidency and the potential impacts on the nuclear agreement. During his presidential campaign, Trump repeatedly asserted that he would reverse the nuclear deal and would seek to re-impose the sanctions against Iran. Since taking office, he has maintained his hostile attitude towards the deal, by labelling Iran a ‘fanatical regime’, accusing Iran of violating the terms of the deal and sponsoring terrorism, and proposing new sanctions. In a recent development, on 13 October 2017, he refused to certify the deal and referred the matter to Congress. Any renewed tensions could lead to a major change in the now very positive outlook for the Iranian tourism industry.

3. Trump, US Foreign Policy and Future Challenges

The US's antagonistic attitude towards Iran is not a new phenomenon (Ayoob, 2011; Chomsky, 2006), which is underlined by: (1) the CIA-backed coup of 1953, to overthrow the democratically elected prime minister, Mohammad Mossadegh (Abrahamian, 2001; Gasiorowski, 1987); (2) US support for its 'friend', Saddam Hussein, in an Iraqi invasion of Iran (Chomsky, 2004) during the 1980–1988 Iran–Iraq war (Blight et al., 2012; Tarock, 1998); (3) the shooting down of the Iranian passenger airliner, Iran Air Flight 655, killing 290 people onboard, on 3 July 1998 by USS *Vincennes* (Chomsky, 2004); and (4) more recently, the Iran nuclear programme (Tarock, 2006).

Over the past three decades, US–Iranian relations have seen many lows, which were emphasised by US president George Bush's much-quoted phrase, the 'Axis of Evil' (Entessar, 2013; Nasr, 2013) – first used in his State of the Union Address on 29 January 2002 and subsequently repeated throughout his presidency. As Entessar (2013) puts it:

In fact, it would be hard to find another example of such an acrimonious relationship between the United States and another foreign government since the end of World War II that has so consistently been marred by mutual distrust, lack of understanding and vitriolic day-to-day exchanges. (p. 321)

One of the major consequences of this political tension between the two countries has been the wide-ranging sanctions that the US has continuously imposed against Iran over the past three decades, which have proved to be 'nothing more than a series of regrettably short-sighted policies' (Fayazmanesh, 2003, p. 237). These sanctions have had important impacts on the Iranian economy and the population, in general, and the tourism industry, in particular (Khodadadi, 2016a).

The US government's antagonistic attitude towards Iran continues to the present day under Donald Trump's administration. During his presidential campaign, Trump made much of his opposition to the historic nuclear deal (Griffin, 2016) and described the agreement as 'the stupidest deal of all time' (*The Financial Times*, 2016). On 13 October 2017, Trump announced his new aggressive policy on Iran, as part of which he refused to certify the nuclear deal and referred it to Congress. Many inside and outside of Iran believe that if Trump's ambition to 'tear up' the nuclear deal (Kahan, 2017) becomes a reality, it could have far-reaching consequences, not just for Iran and the US but also the whole region (i.e. the

Middle East), which is currently engulfed in conflict from the wars in Syria, Iraq, Yemen and Afghanistan.

So far, tensions between Iran and the US have increased greatly since Donald Trump's inauguration. The White House showed a newly aggressive stance towards Iran when Michael Flynn, Trump's now-dismissed national security adviser, made a statement that put Iran 'on notice' for test-firing a missile (Mohammed, 2017). Tensions with Iran increased further on 3 February 2017 when the US Treasury Department 'announced sanctions on 13 people and 12 entities under US–Iran sanctions authority' (Ali, 2017). Many inside Iran perceived this as a clear violation of the Iran nuclear agreement. So far, various members of Trump's administration have called Iran 'the single biggest state sponsor of terrorism in the world' (Revesz, 2017; Tisdall, 2017), which is language that resonates closely with that of George W. Bush's administration. This has raised fears that Donald Trump is 'gearing up for a new confrontation by branding Tehran the "champion" of global terror' (Tisdall, 2017).

In a recent development, on 13 October 2017, Trump refused to certify the deal and referred the matter to Congress, who had 60 days to decide whether new sanctions should be imposed on Iran. Congress failed to do so. Therefore, on 12 January 2018, Trump reluctantly waived nuclear sanctions against Iran 'for the last time' followed by a warning: 'Either fix the deal's disastrous flaws, or the United States will withdraw' (Wilts, 2018). The Iranian government has repeatedly asserted that the deal is non-negotiable and cannot be changed. Trump is required – by legislation – to certify Iran's compliance with the deal every 90 days; therefore, if his threat becomes a reality and he re-imposes the sanctions, it is guaranteed that this will lead to the collapse of the nuclear deal. It is important to consider that 'international investors have only shyly begun to approach Iran ... others seem to be watching and waiting for a more certain future and solid ground for long-term investments' (Euromonitor International, 2017, p. 1). Renewed hostility between Iran and the West could seriously jeopardise the progress made and the future of the now-flourishing tourism industry in Iran.

4. Conclusion

For now, it seems that Iran's historic nuclear agreement has helped the Iranian tourism industry to flourish. This is evident through the considerable increase in inbound arrivals to the country and foreign investment in tourism-related infrastructure. Despite these positive developments, however, Iran remains central to immense regional struggle, including the wars in Syria, Iraq and Yemen, and it is experiencing increasing tensions with its key

regional rival, Saudi Arabia. Donald Trump's increasingly aggressive stance towards Iran surely will add to the difficulties Iran faces for a long-awaited prosperity. In particular, his objection to the Iran nuclear agreement could have far-reaching consequences, not only for Iran–US relations but also the Middle East region.

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